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SUBJECT: MALAYSIAN VIEW OF GRP/MILF PEACE PROCESS

REF: MANILA 3352

Classified By: AMBASSADOR CHRISTOPHER J. LAFLEUR, REASON 1.4 (B AND D).

11. (S) Summary: Malaysian lead facilitator for the Philippine Government (GRP)/Moro Islamic Liberation Front (MILF) peace process Othman Abdul Razak told the Ambassador August 9 that he anticipated that the parties would sign an interim agreement late this year, with conclusion of a "comprehensive compact" possible in the first half of 2007. Othman described the MILF as practical and realistic in their negotiating approach. He identified key challenges as the delineation of Muslim-majority areas and the ability of President Gloria Macapagal Arroyo (GMA) to sell the deal in Manila given her weak political position. Continued restraint by the Philippine armed forces, success of the constitutional reform process, and the commitment of local MILF commanders and ulamas also would be important. Othman claimed the MILF had already neutralized Jemaah Islamiyah (JI) terrorists, with only three JI-linked persons remaining. Othman called for capacity building efforts for MILF, including financing of a leadership school, to proceed in parallel with the remaining negotiations. Othman foresaw the need for U.S. diplomatic pressure on GMA to seal the deal at the end, as well as development assistance to ensure the deal lasts. End Summary.

12. (S) The Ambassador, accompanied by Polcouns, called on Othman Abdul Razak August 9 to seek his views on the GRP/MILF peace process. The Ambassador emphasized the importance the U.S. places on seeing the conflict in Mindanao resolved and eliminating a safe haven for terrorists in the region, noting that such extremists pose a threat to Malaysia as well. He lauded Malaysia's important role in the GRP/MILF negotiations. Othman, who retired as Malaysia's external intelligence chief early this year and operates out of the Prime Minister's office, readily acknowledged Malaysia's self-interest in eliminating a breeding ground and sanctuary for extremists who could also threaten Malaysian territory. Othman reiterated that Malaysia's role was as a "facilitator, not a mediator," and that Malaysia remained "impartial" but not "neutral" as to the outcome. Othman provided a positive overview of the process so far, comparing it very favorably to the 1996 accord, which ultimately failed. He described MILF leaders as more realistic in their approach compared with earlier negotiations. For example, the MILF accepted that they could not reclaim areas of recent non-Muslim settlement. Importantly, the MILF for all practical purposes had given up its claims for independence.

13. (S) Othman acknowledged that the negotiations had proceeded more slowly than originally forecast. However, he believed that the parties should reach a written interim agreement or memorandum of understanding sometime after the fasting month of Ramadan and before the Christmas season (late October to mid December). The memorandum would pin

down the important areas of agreement to date. Othman stated that the signing of a "comprehensive compact" should be possible within the first half of 2007. The process had not hit a lull and activities continued. Most recently, on the margins of the August 3 OIC summit, Malaysia facilitated a meeting between a MILF delegation and a senior Organization of the Islamic Conference (OIC) senior official intended to seek OIC approval of the negotiations.

14. (S) Othman described the delineation of Muslim-majority areas and the Moro ancestral domain as the major remaining challenge. The GRP and MILF thus far had agreed on some 630 villages, but the MILF claimed an additional 1,200 villages as properly included in the Moro domain. Othman stated that the GRP and MILF already had agreed to conduct a joint survey of the villages in dispute. The need to devise a settlement map that resulted de facto in territorial contiguity for the eventual Moro-administered area constituted another issue that required a solution, as thus far the prospective map was a patchwork of Muslim and non-Muslim enclaves.

15. (S) The ability of President Macapagal Arroyo to sell the final package, including concessions to the MILF, to stakeholders in Manila represented another major hurdle, Othman commented. He questioned whether GMA's current political weakness would allow her to win sufficient Senate backing for ratification of the accord. Othman noted other factors of importance for the final agreement. The Philippines armed forces should continue to exercise restraint and avoid a return to the aggressive and disruptive attacks launched under General Reyes. A successful constitutional reform effort in Manila would allow the future Moro entity to fall neatly under an emerging federalism. The MILF commanders and ulamas would need to buy into the accord

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in order to avoid the emergence of a new insurgency.

16. (S) Othman claimed the MILF had already largely neutralized Jemaah Islamiyah (JI) terrorists, with only three JI-linked persons remaining in MILF areas. These three had married into the local society. Malaysian persuasion had played the key role in MILF's expulsion of JI members. Malaysia also had encouraged the MILF to take action against the Abu Sayyaf Group (ASG), but the MILF had been reluctant to open a "second front."

17. (S) The Malaysian peace facilitator encouraged the U.S. to take on a greater role in support of the negotiations. Specifically, he urged U.S. assistance for capacity building for MILF leaders so that they would be better able to govern and manage areas under their control. He argued that the MNLF accord had failed in large part because the MNLF leaders had been unprepared to assume peace-time leadership roles; he wanted to train MILF leaders now, before the settlement, to prevent this from happening again. As a starting point, he recommended U.S. funding for the Bangsamoro leadership and management center in Cotabato City. Malaysia was considering a modest financial contribution. On the diplomatic front, Othman foresaw a need for U.S. pressure on GMA to conclude and accept the "comprehensive compact" that necessarily included some concessions to the MILF. While acknowledging the good intentions of the U.S. Institute of Peace in seeking to support the negotiations, he implied a preference that the Department take a more direct role. More broadly, Othman strongly disagreed with the inclusion of any NGOs in the negotiations, including those who claimed to represent stakeholders from the 1996 process.

18. (S) Comment: Othman portrayed a peace process that remained on track, but would require more time than initially envisioned. His comments indicated that Malaysia intends to remain positively engaged as the facilitator for the talks and would welcome some further U.S. involvement, at least in the form of MILF capacity building and future diplomatic pressure on Manila. We defer to Embassy Manila as to the

validity of Othman's observations of the GRP/MILF talks and
the U.S. role.
LAFLEUR